Manitoba

Annual Report
2000 - 2001

Employee Pensions and Other Costs

Includes 10% post-consumer waste

MINISTER OF FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

His Honour
The Honourable Peter M. Liba, C.M.
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report covering Employee Pensions and Other Costs for the fiscal year ended March 31, 2001.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance

2001 International Year of Volunteers

102-00253/

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Introduction

Report Structure

The Annual Report is organized in accordance with the departmental appropriation structure, which reflects the department's authorized votes approved by the Legislative Assembly. The report includes information at the main and sub-appropriation levels, including program descriptions, financial performance and variances, as well as a five-year historical table detailing departmental expenditures.

Overview

The benefits administration program area of Labour Relations Services, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance & Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans. The branch manages the chargeback and recovery of workers' compensation costs from government departments and agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

There are two benefit categories:

1) Non-Recoverable, including Superannuation, Workers' Compensation (central costs) and other salary related benefits; and
2) Recoverable, including Canada Pension Plan, Employment Insurance, Civil Service Group Life Insurance, Dental, Long Term Disability, Ambulance and Hospital Semi-Private and Vision Care Plans, as well as the Levy for Health and Post-Secondary Education. All costs for recoverable benefits incurred by Employee Pensions and Other Costs are recovered from departments based on either actual salaries paid to employees or on the actual benefit premium paid. Within the recoverable category, benefits can also be divided into two classifications: external premium-based and self-insured.

PART I
Employee Pensions and Other Costs

Employee Pensions and Other Costs

A. Non-Recoverable Benefits

Civil Service Superannuation Plan

The Civil Service Superannuation Plan provided funding for the employer's share (50%) of pensions paid to retired civil servants in 2000/2001, including the annual cost of living increase.

In addition to this funding, commencing in 2000/01, $21 million from the debt repayment allocation has been applied to begin funding pension obligations incurred under the Civil Service Superannuation Fund and the Teachers' Retirement Allowances Fund. This amount is sufficient to match the current service contributions for new employees hired after April 1, 2000 ($4 million) and to reduce the accumulated pension liability related to existing employees ($17 million).

Other Salary Related Benefits

Other Salary Related Benefits provided for the annual increase in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and are still members of the civil service.

Severance and overtime entitlements were enhanced in the last collective agreement resulting in an increase in the annual liability for these benefits.

Workers' Compensation Board

The Workers' Compensation Board (WCB) provides for the annual payments to government employees injured at work as assessed by the WCB as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees.

The province is self-insured with respect to workers' compensation payments, although the WCB provides administrative and assessment services.

B. Recoverable Benefits

Canada Pension Plan

This sub-appropriation provides for the employer's matching contribution as required under the Canada Pension Plan Act for all eligible civil servants.

Employment Insurance Plan

The Employment Insurance Plan provides for the employer's share of premiums as required under the Employment Insurance Act for of all civil servants.

Civil Service Group Life Insurance

The Civil Service Group Life Insurance plan provides for the government's share (one-third) of payments under The Public Servants Insurance Act which includes basic insurance coverage, as well as group life and accidental death and dismemberment insurance, for all eligible civil servants.

Life insurance is provided to employees of up to five times their annual salary, to a maximum of $1.0 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). The province self-insures accidental death and disablement insurance which is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.

Dental Plan

As negotiated under various collective agreements or as provided in the regulations under the Civil Service Act, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. Effective January 1, 2001, the annual maximum for basic dentistry increased from $1,000.00 to $1,100.00 and the orthodontic lifetime maximum increased from $1,200.00 to $1,300.00 for full-time employees. Also, beginning January 1, 2001, part-time employees became eligible for family coverage.

Long Term Disability Plan

As negotiated under various collective agreements, or as provided by contract between the government and an insurance company, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.

Ambulance and Hospital Semi-Private Plan

As negotiated under various collective agreements, the Supplementary Health Plan provides for Ambulance and Hospital Semi-Private Plan to all eligible civil servants. The plan is self-insured with both full-time and part-time employees eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees.

Vision Care

As negotiated under various collective agreements or as provided in the regulations under the Civil Service Act, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

During 2000/01, full-time employees were reimbursed 80% for eligible vision care expenses, to a maximum of $190.00 to December 31, 2000, in each 24 month period while part-time employees were eligible for single coverage reimbursement at a rate of 50% of that provided to full-time employees.

Effective January 1, 2001, maximums increased to $200.00 for full-time employees and part-time employees became eligible for family coverage.

Levy for Health and Post-Secondary Education

This sub-appropriation provides for the province's payment as required by the Health and Post-Secondary Education Tax Levy Act.

C. Recovery from Other Appropriations

This account provides for the recovery from other departments for the cost of the various employee benefits plans and related overhead charges, with the exception of the Civil Service Superannuation Plan and a portion of Workers' Compensation Board assessments.

Employee Pensions and Other Costs
Expenditures by Sub-Appropriation $(000s)
for the fiscal year ended March 31, 2001

	Sub-Appropriation	Actual 2000-2001	Estimate 2000-2001	Over / (Under)	Expl. No.
06-1a	Civil Service Superannuation Plan	$ 48,244.6	$ 50,344.1	$ (2,099.5)	1
06-1b	Other Salary Related Benefits	(3,161.2)	3,500.0	(6,661.2)	2
06-1c	Workers' Compensation Board				
	(1) Assessments	2,653.1	3,816.0	(1,162.9)	
	(2) Less: Recoveries	(2,769.0)	(3,801.0)	1,032.0	
	Subtotal (c)	**$ (115.9)**	**$ 15.0**	**$ (130.9)**	
06-1d	Canada Pension Plan	19,493.0	19,466.0	27.0	
06-1e	Employment Insurance Plan	17,577.7	17,747.4	(169.7)	
06-1f	Civil Service Group Life Insurance	1,529.1	1,645.6	(116.5)	
06-1g	Dental Plan	5,065.9	5,845.5	(779.6)	3
06-1h	Long Term Disability Plan	3,273.7	3,497.0	(223.3)	
06-1j	Ambulance and Hospital Semi-Private Plan	259.3	308.7	(49.4)	
06-1k	Vision Care	931.7	1,052.4	(120.7)	
06-1m	Levy for Health & Post-Secondary Education	14,082.2	13,803.4	278.8	
	Subtotal (d) to (m)	**$ 62,212.6**	**$ 63,366.0**	**$ (1,153.4)**	
06-1n	Recoverable from Other Appropriations	(62,871.2)	(63,366.0)	494.8	
06	**TOTALS**	**$ 44,308.9**	**$ 53,859.1**	**$ (9,550.2)**	

Please see page 14 for explanations.

Employee Pensions and Other Costs
Expenditures by Sub-Appropriation $(000s)
for the fiscal year ended March 31, 2001

EXPLANATIONS:

1. Actual Superannuation costs were below budget due to lower than originally anticipated pension payments for retirements, terminating employees, marital breakdowns, reciprocal transfers and employee deaths.

2. 2000/01 costs were lower than anticipated for Other Salary Related Benefits as a result of adjustments made to amend accruals processed in 1999/2000 that overstated the liability for vacation, overtime and severance pay at March 31, 2000.

3. The decrease in Dental Plan costs resulted from reduced claims activities and associated claim costs.

PART II
Financial Information

Part A - Operating Expenditure
Employee Pensions and Other Costs
Reconciliation Statement

$(000s)

Details	2000-2001 Estimates
2000-01 Main Estimates	$ 53,859.1
Transfer of functions (to)/from:	n/a
Allocation of funds (to)/from:	n/a
2000-2001 ESTIMATE	**$ 53,859.1**

Employee Benefits and Other Costs

Expenditure Summary

for the fiscal year ended March 31, 2001 with comparative figures for the previous fiscal year

$(000s)

Estimate 2000-2001		Sub-Appropriation	Actual 2000-2001	Actual 1999/2000	Increase / (Decrease)	Expl. No.
$ 50,344.1	06-1a	Civil Service Superannuation Plan	$ 48,244.6	$ 46,033.4	$ 2,211.2	1
3,500.0	06-1b	Other Salary Related Benefits	(3,161.2)	6,203.0	(9,364.2)	2
	06-1c	Workers' Compensation Board				
3,816.0		(1) Assessments	2,653.1	3,651.3	(998.2)	
(3,801.0)		(2) Less: Recoveries	(2,769.0)	(2,991.4)	222.4	
$ 15.0		**Subtotal**	**$ (115.9)**	**$ 659.9**	**$ (775.8)**	3
19,466.0	06-1d	Canada Pension Plan	19,493.0	17,247.1	2,245.9	4
17,747.4	06-1e	Employment Insurance Plan	17,577.7	18,516.1	(938.4)	5
1,645.6	06-1f	Civil Service Group Life Insurance	1,529.1	1,561.2	(32.1)	
5,845.5	06-1g	Dental Plan	5,065.9	4,845.4	220.5	
3,497.0	06-1h	Long Term Disability Plan	3,273.7	3,203.0	70.7	
308.7	06-1j	Ambulance & Hospital Semi-Private Plan	259.3	231.3	28.0	
1,052.4	06-1k	Vision Care	931.7	954.8	(23.1)	
13,803.4	06-1m	Levy for Health & Post-Secondary Education	14,082.2	13,704.3	377.9	
$ 63,366.0		**Subtotal (d) to (m)**	**$ 62,212.6**	**$ 60,263.2**	**$ 1,949.4**	
(63,366.0)	06-1n	Recoverable from Other Appropriations	(62,871.2)	(60,670.5)	(2,200.7)	6
$ 53,859.1	**06**	**TOTALS**	**$ 44,308.9**	**$ 52,489.0**	**$ (8,180.1)**	

Explanations:

1. Increase due to increased pension benefits paid for retirements, terminating employees, marital breakdowns, reciprocal transfers and employee deaths.

2. Decrease occurred mainly as a result of adjustments in 2000/01 made to amend accruals processed in 1999/2000 that overstated the liability for vacation, overtime and severance pay at March 31, 2000.

3. Decrease primarily reflects a reduction in claims activities and associated costs as a result of the impact of Manitoba Lotteries and Home Care staff no longer being part of this group administration.

4. Increase due to higher total payroll costs as well as an increase in premium rate from 3.9% to 4.35% effective January 1, 2001.

Employee Pensions and Other Costs
Expenditures by Sub-Appropriation $(000s)
for the fiscal year ended March 31, 2001

Explanations: (continued)

5. Decrease due to higher total payroll costs offset by a decrease in premium rate from 2.4% to 2.25% effective January 1, 2001.

6. Increase in recoveries from other appropriations in 2000/01 corresponds to the increase in recoverable benefits paid.

PART III
Historical Information

Employee Benefits and Other Costs

Five Year Expenditure Summary

For the fiscal years ending March 31, 1996 to March 31, 2001

$(000s)

	Benefit Plan	Actual 1996/97	Actual 1997/98	Actual 1998/99	Actual 1999/2000	Actual 2000/01
06-1a	Civil Service Superannuation Plan	$ 37,279.5	$ 41,048.2	$ 44,553.6	$ 46,033.4	$ 48,244.6
06-1b	Other Salary Related Benefits	-	493.3	3,310.5	6,203.0	(3,161.2)
06-1c	Workers' Compensation Board	432.6	(282.1)	50.5	659.9	(115.9)
06-1d	Canada Pension Plan	12,991.2	14,481.0	15,741.8	17,247.1	19,493.0
06-1e	Employment Insurance Plan	21,274.7	20,868.8	19,788.1	18,516.1	17,577.7
06-1f	Civil Service Group Life Insurance	1,727.4	1,658.7	1,675.6	1,561.2	1,529.1
06-1g	Dental Plan	4,388.2	4,508.7	5,218.2	4,845.4	5,065.9
06-1h	Long Term Disability Plan	2,192.7	2,341.8	2,928.1	3,203.0	3,273.7
06-1j	Ambulance & Hospital Semi-Private Plan	-	138.7	202.0	231.3	259.3
06-1k	Vision Care	-	-	934.4	954.8	931.7
06-1m	Levy for Health & Post-Secondary Education	13,594.5	14,019.8	14,382.9	13,704.3	14,082.2
	Subtotal (d) to (m)	**$ 56,168.7**	**$ 58,017.5**	**$ 60,871.1**	**$ 60,263.2**	**$ 62,212.6**
06-1n	Recoverable from Other Appropriations	(56,756.0)	(58,196.7)	(60,809.5)	(60,670.5)	(62,871.2)
06	**TOTALS**	**$ 37,124.8**	**$ 41,080.2**	**$ 47,976.2**	**$ 52,489.0**	**$ 44,308.9**